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SUBJECT: KAREN GROUP SAYS SPDC REJECTED THAI ARMY OFFER TO NEGOTIATE TRUCE

REF: A. CHIANG MAI 70 AND PREVIOUS, B. RANGOON 8

CLASSIFIED BY: John Spykerman, Con/Pol Officer, Consulate
General Chiang Mai, Department of State.

REASON: 1.4 (b), (d)

11. (C) Northern Thailand-based Burma exiles told the Consulate that Burma's ruling State Peace and Development Council (SPDC) recently rejected a Royal Thai Army (RTA) offer to negotiate a ceasefire with the Karen National Union (KNU). Sources said that representatives of a Thai special forces unit had offered to broker a truce between the two sides, but were rebuffed by the SPDC. KNU Secretary of Foreign Affairs Saw David Taw said the KNU had accepted the offer, but that the SPDC had declined, probably because junta leaders felt they have the upper hand in Karen State following their recent military offensives and divisions within the KNU (ref A).

12. (C) Taw said RTA officers had told the KNU that there was high-level interest from Bangkok - including Council for National Security Chairman Sonthi Boonyaratkalin - in securing a peace deal between the KNU and SPDC to end the long-running skirmishes that have raised tensions, triggered increased refugee movements, and hampered trade on the Thai-Burma border in recent months. Taw said that the RTA proposal came from the Bangkok-based Special Warfare Command and not a regional command.

13. (C) Over the past several months other Karen representatives have reported similar efforts by the RTA to negotiate a truce agreement (ref B). However, many of those sources believe the RTA's motivation stemmed from some Bangkok-based generals' desire to protect their private investments in the trans-border trade of timber and other goods that move through KNU-controlled areas. After initial optimism last year that the post-coup government in Thailand would put a stop to cozy business deals with the SPDC, exile sources now see the Thai-Burmese relationship simply moving away from the high-profile transactions made by former Prime Minister Thaksin Shinawatra to less visible local arrangements by Thai officials and military leaders.

14. (C) Comment: The KNU's willingness to accept the RTA's offer to play a mediating role in the conflict - and the SPDC's apparent refusal - are further signs that the SPDC is gaining ground in the 60-year-old conflict. KNU officials maintain that they are far from surrendering, but concede more military setbacks are likely should the Burma Army (BA) and its allies continue to bring the fight to KNU positions. Also noteworthy is

the effort by the RTA to negotiate a ceasefire. The RTA has long used the KNU as a cushion against BA movements on its border, with its special forces officers even training KNU military units. KNU leaders take pride in this buffer role and point to the relationship as a sign of their organization's stability. If the offer to mediate a ceasefire is a sign that Bangkok is more concerned with securing business interests than with the continued existence of a strong and active KNU military, this could be further evidence that the dynamic is changing in the SPDC's favor. End Comment.

15. (SBU) Note: Taw and a group of exiles associated with the Ethnic Nationalities Council are preparing for trips to China and the U.S. to meet with foreign governments and NGOs about the various resistance movements based in Burma's ethnic regions and among exile groups. Taw said he will meet with Chinese officials from Beijing in Kunming next week. While in the United States in early June, the group plans to meet with the Departments of State and Defense, members of Congress, NGOs, academics, and UN organizations. End Note.

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